

RAK Ceramics (Bangladesh) Limited

Consolidated financial statements
as at and for the period ended 30 June 2021


RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of financial position
as at 30 June 2021

	Notes	<u>30 June 2021</u> Taka	<u>31 Dec 2020</u> Taka
Assets			
Property, plant and equipment	4	2,941,720,073	3,087,064,214
Investment property	5	503,346,037	503,456,083
Right-of-use assets	6	17,193,105	21,183,255
Intangible assets	7	2,378,303	3,132,357
Capital work-in-progress	8	19,623,785	56,636,694
Total non-current assets		<u>3,484,261,303</u>	<u>3,671,472,603</u>
Inventories	9	2,383,212,243	2,026,990,380
Trade and other receivables	10	1,183,046,404	1,008,800,248
Advances, deposits and prepayments	11	410,693,387	270,311,098
Advance income tax	12	3,680,056,262	3,588,659,675
Cash and cash equivalents	13	1,677,004,611	1,949,194,840
Total current assets		<u>9,334,012,907</u>	<u>8,843,956,241</u>
Total assets		<u>12,818,274,210</u>	<u>12,515,428,844</u>
Equity			
Share capital	14	4,279,687,010	4,279,687,010
Share premium	15	1,473,647,979	1,473,647,979
Retained earnings	16	1,277,570,779	1,269,975,797
Equity attributable to equity holders of the company		<u>7,030,905,768</u>	<u>7,023,310,786</u>
Non-controlling interests		1,319	1,314
Total equity		<u>7,030,907,087</u>	<u>7,023,312,100</u>
Liabilities			
Deferred tax liability	17	155,127,810	191,761,301
Lease liability	20	6,962,114	9,291,390
Total non-current liabilities		<u>162,089,924</u>	<u>201,052,691</u>
Employees benefits payable	18	15,581,624	-
Borrowings	19	83,051,088	119,940,905
Lease liability	20	4,562,958	4,505,188
Trade and other payables	21	740,598,728	625,493,472
Unclaimed dividend payable	21.2	51,253,211	49,576,141
Accrued expenses	22	605,582,973	520,281,836
Provision for income tax	23	4,124,646,617	3,971,266,511
Total current liabilities		<u>5,625,277,199</u>	<u>5,291,064,053</u>
Total liabilities		<u>5,787,367,123</u>	<u>5,492,116,744</u>
Total equity and liabilities		<u>12,818,274,210</u>	<u>12,515,428,844</u>

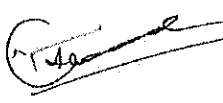
The accompanying notes are an integral part of these financial statements



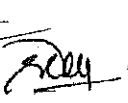
Chairman



Managing Director



Director



Chief Financial Officer



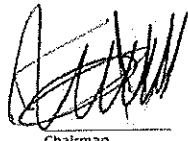
Company Secretary

Dated, 28 July 2021

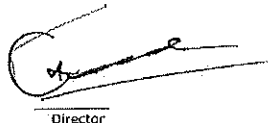
RAK Ceramics (Bangladesh) Ltd.
Consolidated profit or loss and other comprehensive income
for the period ended 30 June 2021

	Notes	30 June 2021 Taka	30 June 2020 Taka	April to June 2021 Taka	April to June 2020 Taka
Sales	24	3,268,700,939	1,972,258,461	1,534,984,608	503,194,327
Cost of sales	25	(2,274,778,449)	(1,682,999,985)	(1,067,560,856)	(617,462,707)
Gross profit		993,922,490	289,258,476	467,423,752	(114,268,380)
Other income	26	1,547,481	1,935,528	1,547,431	907,600
Administrative expenses	27	(180,389,895)	(159,832,430)	(88,660,868)	(67,628,741)
Impairment loss on trade receivables	27.1	(284,696)	(4,347,923)	(203,881)	(3,175,568)
Marketing and selling expenses	28	(255,448,001)	(185,675,329)	(122,393,977)	(71,957,108)
		(434,574,111)	(346,920,154)	(209,711,295)	(141,853,817)
Profit/(Loss) from operating activities		559,348,379	(57,661,678)	257,712,457	(256,122,197)
Finance income	29	22,601,461	32,142,954	9,929,308	12,049,118
Finance expenses	30	(2,296,838)	(6,875,322)	(740,104)	(5,048,210)
Net finance income		20,304,623	25,267,632	9,189,204	7,000,908
Profit/(Loss) before contribution to worker's profit participation and welfare fund		579,653,002	(32,394,046)	266,901,661	(249,121,289)
Contribution to workers' profit participation and welfare fund	31	(27,342,599)	-	(12,183,663)	9,497,921
Profit/(Loss) before income tax		552,310,403	(32,394,046)	254,717,998	(239,623,368)
Income tax expense					
Current tax	32	(153,380,106)	(21,412,497)	(63,585,523)	38,177,432
Deferred tax	17	36,633,491	17,038,756	29,397,442	12,983,286
		(116,746,615)	(4,373,741)	(34,188,081)	51,160,718
Profit/(Loss) for the period		435,563,788	(36,767,787)	220,529,917	(188,462,650)
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		435,563,788	(36,767,787)	220,529,917	(188,462,650)
Profit/(Loss) attributable to:					
Equity holders of the company		435,563,683	(36,767,874)	220,529,866	(188,462,696)
Non-controlling interests		105	87	51	46
Profit/(Loss) after tax for the period		435,563,788	(36,767,787)	220,529,917	(188,462,650)
Basic earnings per share (Par value TK 10)	38	1.02	(0.09)	0.52	(0.44)

The accompanying notes are an integral part of these financial statements


Chairman


Managing Director


Director


Chief Financial Officer


Company Secretary

Dated, 28 July 2021

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of changes in equity
for the period ended 30 June 2021

	Attributable to owners of the Company					
	Share capital Taka	Share Premium Taka	Retained earnings Taka	Total Taka	Non- controlling interests Taka	Total equity Taka
Balance as at 01 January 2020	4,279,687,010	1,473,647,979	1,601,275,518	7,354,610,507	1,393	7,354,611,900
Total comprehensive income for 2020	-	-	(36,767,874)	(36,767,874)	87	(36,767,787)
Profit for the period	-	-	(36,767,874)	(36,767,874)	87	(36,767,787)
Transactions with the shareholders						
Cash dividend (2019)	-	-	(641,953,052)	(641,953,052)	(200)	(641,953,252)
Balance as at 30 June 2020	<u>4,279,687,010</u>	<u>1,473,647,979</u>	<u>922,554,592</u>	<u>6,675,889,581</u>	<u>1,280</u>	<u>6,675,890,861</u>
Balance as at 01 January 2021	4,279,687,010	1,473,647,979	1,269,975,797	7,023,310,786	1,314	7,023,312,100
Total comprehensive income for 2021	-	-	435,563,683	435,563,683	105	435,563,788
Profit for the period	-	-	435,563,683	435,563,683	105	435,563,788
Cash dividend (2020)	-	-	(427,968,701)	(427,968,701)	(100)	(427,968,801)
Balance as at 30 June 2021	<u>4,279,687,010</u>	<u>1,473,647,979</u>	<u>1,277,570,779</u>	<u>7,030,905,768</u>	<u>1,319</u>	<u>7,030,907,087</u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Ltd.
Consolidated statement of cash flows
for the period ended 30 June 2021

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Taka</u>	<u>Taka</u>
Cash flows from operating activities		
Cash receipts from customers	3,087,333,239	1,816,000,034
Cash payments to suppliers and employees	(2,783,661,733)	(1,978,470,504)
Cash generated from operating activities	<u>303,671,506</u>	<u>(162,470,470)</u>
Interest received from bank deposits	4,251,430	5,287,175
Income tax paid (note - 12)	(91,396,587)	(86,076,243)
Net cash (used in)/from operating activities (note-41.1)	<u>216,526,349</u>	<u>(243,259,538)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(47,582,934)	(104,274,306)
Sale of property, plant and equipment (note-5.3)	3,332,000	184,000
Interest received from FDR	24,243,457	32,071,841
Income from rental	-	945,000
Dividend received	50	100
Net cash (used in)/from investing activities	<u>(20,007,427)</u>	<u>(71,073,365)</u>
Cash flows from financing activities		
Finance charges	(3,099,741)	(6,440,949)
Avail/(repayment) of short-term loan	(36,889,817)	201,601,786
Payment of lease liability	(2,271,506)	(5,523,166)
Dividend paid	(426,291,631)	(626,367,812)
Unclaimed share application refund	(336,000)	-
Adjustment related with non-controlling interest	(100)	(200)
Net cash (used in)/from financing activities	<u>(468,888,795)</u>	<u>(436,730,341)</u>
Effect of exchange rate changes in cash and cash equivalents	179,644	209,974
Net increase/(decrease) in cash and cash equivalents	<u>(272,190,229)</u>	<u>(750,853,270)</u>
Cash and cash equivalents as at 01 January	<u>1,949,194,840</u>	<u>1,499,310,101</u>
Cash and cash equivalents as at 30 June (Note 13)	<u>1,677,004,611</u>	<u>748,456,831</u>

The accompanying notes are an integral part of these financial statements

RAK Ceramics (Bangladesh) Limited

Notes to the consolidated financial statements as at and for the period ended 30 June 2021

1. Reporting entity

RAK Ceramics (Bangladesh) Limited (the Company), formerly RAK Ceramics (Bangladesh) Pvt. Limited, a UAE-Bangladesh joint venture company, was incorporated in Bangladesh on 26 November 1998 as a private company limited by shares under the Companies Act 1994. The Company was later converted from a private limited into a public limited on 10 June 2008 after observance of required formalities as per laws. The name of the Company was thereafter changed to RAK Ceramics (Bangladesh) Ltd. as per certificate issued by the Registrar of Joint Stock Companies dated 11 February 2009. The address of the Company's registered office is RAK Tower, Plot # 1/A, Jasimuddin Avenue, Sector # 3, Uttara, Dhaka 1230. The company got listed with Dhaka Stock Exchange (DSE) and Chittagong Stock Exchange (CSE) on 13 June 2010.

1.1 Nature of business

The Company is engaged in manufacturing and marketing of ceramics tiles, wash room sets and all types of sanitary ware. It has started its commercial production on 12 November 2000. The commercial production of its new sanitary ware plant, expansion unit of ceramics facilities, tiles and sanitary plant was started on 10 January 2004, 1 July 2004, 1 September 2007, 1 April 2015 and 17th May 2016 respectively.

1.2 Description of subsidiaries

RAK Power Pvt. Ltd.

RAK Power Pvt. Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 30 June 2005 as a private company limited by shares with an authorized capital of Taka 1,000,000,000 divided into 10,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 205,000,000 at the end of reporting period. The Company has gone into operation from 1 May 2009. The registered office of the Company is at RAK Tower (8th floor), Jasimuddin Avenue, Plot # 1/A, Sector # 03, Uttara Model Town, Dhaka - 1230. The Power Plant is located at Village : Dhanua, P.S: Sreepur, District: Gazipur. 57% shares of RAK Power Pvt. Ltd. is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Power Pvt. Ltd. from 57% to 99.99% through purchase of 881,495 number of ordinary shares of BDT 100 each in consideration of BDT 255 per share totaling to BDT 224,781,225 only from all the other shareholders of RAK Power Pvt. Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Power (Pvt.) Ltd on 20 October 2015

RAK Security and Services (Pvt.) Limited

RAK Security and Services (Pvt.) Ltd. has been incorporated in Bangladesh under the Companies Act 1994 on 21 December 2006 as a private company limited by shares with an authorized capital of Taka 100,000,000 divided into 1,000,000 ordinary shares of Taka 100 each. The paid up capital stands at Taka 1,000,000 at the end of reporting period. The Company has gone into operation from 1 May 2007. The registered office of the Company is at RAK Tower (8th floor), Plot # 1/A, Jasimuddin Avenue, Sector # 03, Uttara Model Town, Dhaka-1230. 35% shares of RAK Security and Services (Pvt.) Ltd is held by RAK Ceramics (Bangladesh) Limited.

The Board of Directors of RAK Ceramics (Bangladesh) Limited in its meeting held on July 26, 2015 have decided to further increase the shareholding in RAK Security & Services (Pvt.) Ltd. from 35% to 99.00% through purchase of 6,500 number of ordinary shares of BDT 100 each in consideration of BDT 2,875 per share totaling to BDT 18,687,500 only from all the other shareholders of RAK Security & Services (Pvt.) Ltd. subject to approval by the shareholders and concerned authorities for the interest of the business of the Company. The shareholders of RAK Ceramics (Bangladesh) Limited have approved the same in the EGM dated September 20, 2015. The effect of acquisition has been taken place as approved in Board of Directors meeting of RAK Security and Services (Pvt.) Ltd on 20 October 2015.

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and the Securities and Exchange Rules 1987.

The title and format of these financial statements follow the requirements of IFRSs which are to some extent different from the requirement of the Companies Act 1994. However, such differences are not material and in the view of management IFRSs titles and format give better presentation to the shareholders.

Authorisation for issue

These financial statements have been authorised for issue by the Board of Directors of the Company on 28 July 2021.

2.2 Basis of measurement

These financial statements have been prepared on historical cost basis except for inventories which are measured at lower of cost and net realisable value.

2.3 Functional and presentational currency

These financial statements are presented in Bangladesh Taka (Taka/Tk/BDT), which is the functional currency and presentation currency of the Company. The figures of financial statements have been rounded off to the nearest Taka.

2.4 Use of estimates and judgements

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are stated in the following notes:

Note 4	Property, plant & equipment
Note 5	Investment property
Note 6	Right-of-use assets
Note 17	Deferred tax liability
Note 18	Employees benefit payable
Note 20	Lease liability
Note 23	Provision for income tax
Note 27.1	Impairment on trade receivable

2.5 Reporting period

The financial period of the Company covers six months from 1 January to 30 June 2021 and is followed consistently.

2.6 Going concern

The Company has adequate resources to continue in operation for foreseeable future and hence, the financial statements have been prepared on going concern basis. As per management assessment there are no material uncertainties related to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

Impact of COVID-19 pandemic

When assessing going concern assumption of the Company as above, key consideration was the impact of COVID-19 pandemic. The pandemic has caused country-wide lockdown in Bangladesh by the end of March 2020 which caused closure of outlets/stores of the company's dealers, suspension of production in factory, disruption in the supply chain and closure of physical office requiring employees to work from home. In face of uncertainties related to the impact of COVID-19, management has developed adequate plans to minimize the impact on its financial conditions and liquidity. However, since September 2020 the economy has been started returning back to normalcy. Accordingly, the management believes the going concern assumption will remain unaffected from COVID-19.

3 Significant accounting policies

The accounting policies set out below, which comply with IFRS, have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

These consolidated financial statements comprise the consolidated financial position and the consolidated results of operations of the Company and its subsidiaries (collectively referred to as "the Group") on a line by line basis together with the Group's share in the net assets of its equity-accounted investees.

IFRS-10 "Consolidated Financial Statements" introduces a new control model that focuses on whether the group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. An investor has power over an investee when the investor has existing rights that gives it the current ability to direct the relevant activities that significantly affect the investee's returns. Power arises from rights. An investor is exposed, or has rights, to variable returns from its involvement with the investee when the investor's returns from its involvement have the potential to vary as a result of the investee's performance. An investor controls an investee if the investor not only has the power over the investee and exposure or rights to variable returns from its involvement with the investee, but also has the ability to use its power to affect the investor's return from its involvement with the investee.

Subsidiaries

Subsidiaries are enterprises controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The results of operations and total assets and liabilities of subsidiary companies are included in the consolidated financial statements on a line-by-line basis and the interest of minority shareholders, if any, in the results and net assets of subsidiaries is stated separately. The financial statement of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases. Any gains or losses on increase/decrease in non-controlling interest in subsidiaries without a change in control, is recognised as a component of equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Financial assets

a) Trade & other receivables

Trade & other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition trade & other receivables are measured at amortised cost using the effective interest method, less any impairment provision.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank including short notice deposits and fixed deposits having maturity of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

3.3 Financial liabilities

a) Trade & other payables

Trade & other payables are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, trade & other payables are measured at amortised cost using the effective interest method.

b) Borrowings

Interest-bearing borrowings include short term bank loan. Interest-bearing borrowings are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method.

3.4 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Paid up share capital represents total amount contributed by the shareholders and bonus shares issued by the Company to the ordinary shareholders. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any residual proceeds of liquidation.

3.5 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the property, plant and equipment. Maintenance, renewals and betterments that enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reduce substantially the operating cost or administration expenses are capitalised by adding it to the related property, plant and equipment. Ongoing repairs and maintenance is expensed as incurred.

An asset is derecognised on disposal or when no future economic benefits are expected from its use and subsequent disposal. Gain or loss arising from the retirement or disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as gain or loss from disposal of asset under other income in the statement of profit or loss and other comprehensive income.

3.5.1 Depreciation on property, plant and equipment

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Capital-work-in-progress and land are not depreciated. Depreciation on addition to fixed assets is charged when it is available for use and charging of depreciation on property, plant and equipment ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

Rates of depreciation on various classes of property, plant and equipment are as under:

Category of property, plant and equipment	Rate (%)
Factory building	5-20
General building	5
Head Office building	5
Plant and machinery	5-10
Mobile plant	10
Electrical installation	10-20
Gas pipeline	10-20
Furniture, fixture and equipment	10
Office equipment	10-20
Communication equipment	10-20
Tools and appliances	10-20
Vehicles	10-20
Fire fighting equipment	20

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Land is not depreciated as it deemed to have an indefinite life.

3.6 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the investment property. Maintenance, renewals and betterments that enhances the economic useful life of the investment property or that improve the capacity, quality or reduce subsequently the operation cost or administration expenses and capitalized by adding it to the related investment property. Ongoing repairs and maintenance is expensed as incurred.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss and other comprehensive income the period in which the property is derecognised.

3.6.1 Depreciation on investment property

Depreciation charged on the basis of straight line method. Depreciation continues to be charged on each item of investment property until written value of such fixed asset is reduced to Taka one. Depreciation on addition to fixed assets is charged when it is available for use and charging of depreciation on property, plant, equipment & investment property ceases at the earliest of the date the assets is classified held for sale in accordance with IFRS 5 and the date that assets is derecognised.

Rates of depreciation on various classes of investment property are as under:

Category of property, plant and equipment	Rate (%)
Building	5
Land is not depreciated as it deemed to have an infinite life.	

3.7 Capital work-in-progress

Capital work in progress is stated at cost less impairment, if any, until the construction is completed. Upon completion of construction, the cost of such assets together with the cost directly attributable to construction, including capitalised borrowing costs are transferred to the respective class of asset. No depreciation is charged on capital work in progress.

3.8 Intangible assets

Intangible assets that are acquired by the Group (such as designs and trade marks for manufacture of ceramic tiles and sanitary ware) have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives of 2 to 3 years from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No internal developed intangible assets capitalized during the period.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Materials in transit are valued at cost.

Net realisable value (NRV) is the estimated selling price in the ordinary course of business, less estimated cost of completion and any estimated costs necessary to make the sale.

3.10 Impairment

Non-derivative financial assets

Non-derivative financial assets are assessed at each reporting date to determine the loss allowance for lifetime expected credit losses, if the credit risk on that financial instrument has increased significantly since initial recognition. When there is no significant increase in credit risk on the financial instruments since initial recognition, the expected credit losses for next 12 months is measured as loss allowance on that financial instrument.

Non-financial assets

The carrying amount of the non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the assets' recoverable amounts are estimated. For intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its estimated recoverable amount.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risk specific to the asset. For an asset that does not generate significantly independent cash inflows, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

Recognition of impairment

Impairment losses are recognised in profit or loss. Impairment losses in respect of CGUs are allocated first to reduced the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro-rata basis.

Reversal of impairment

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Employee benefit schemes

The Company maintains both defined contribution plan and defined benefit plan for its eligible permanent employees. The eligibility is determined according to the terms and conditions set forth in the respective deeds.

Defined contribution plan (Provident fund)

Defined contribution plan is a post employment benefit plan under which the Company provides benefits to one or more employees. The recognised Employees Provident Fund is considered as defined contribution plan as it meets the recognition criteria specified for this purpose. All permanent employees contribute 10 percent of their basic salary to the provident fund and the Company also makes equal contribution to the fund. These are administered by the Board of Trustees. The contributions are invested separately from the company's assets.

Contribution to defined contribution plan is recognised as an expense when an employee has rendered services to the Company. The legal and constructive obligation is limited to the amount it agrees to contribute to the fund.

Defined benefit plan (Gratuity)

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Permanent employees are entitled to gratuity on the basis of his latest basic salary for a completed year of service or for service for a period of more than six months, salary of minimum 30 days, or salary of 45 days for a continuous service for more than ten years, it shall be in addition to any payment of compensation or payment of any wage or allowance in lieu of notice due to termination of services of a worker on different grounds. The expected cost of this benefit is included in respective annual statement of profit or loss and other comprehensive income over the period of employment.

3.12 Workers' Profit Participation Fund and Welfare Fund (WPPF)

The Company provides 5% of its net profit before tax after charging such expense as WPPF in accordance with "The Bangladesh Labour Act 2006 amended in 2018".

3.13 Provisions

Provisions are recognised on the reporting date if, as a result of past events, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.14 Standards, amendments and interpretations

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018/2019 with earlier application permitted. The group does not plan to adopt these standards early. The new standards which may be relevant to the group are set out below.

3.14.1 IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items including a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The final version of IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

i. Classification – financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

ii. Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-months ECLs: these are ECLs which result from possible default events within the 12 months after the reporting date; and
- 12-Lifetime ECLs: these are ECLs which result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the group has a choice to also apply this policy for trade receivables and contract assets with a significant financing component.

The estimated ECL will be calculated based on actual credit loss experience. The group will perform the calculation of ECL rates separately for different types of customers including related parties.

Actual credit losses will be adjusted to reflect differences between economic conditions during the period over which the historical data will be collected, prevalent conditions and the Group's view of economic conditions over the expected lives of the receivables and related party balances.

ii. Hedging

IFRS 9 incorporates new hedge accounting rules which intend to align hedge accounting with a group's risk management objectives and strategy and to apply a more qualitative and forward looking approach to assessing hedge effectiveness. In accordance with IFRS 9, the group has an accounting policy choice to defer the adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting.

The group will avail of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Impact of IFRS 9 shown in note no. 35.1 (b).

3.14.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

i. Sales of goods

Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

Revenue will be recognised for the contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the group is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made.

Based on the group's assessment, the timing of revenue recognition from sale of goods are broadly similar. Therefore, the group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these sales.

i. Rendering of services

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the group sells the services in separate transactions.

Based on the group's assessment, the fair value and the stand-alone selling prices of the services are broadly similar. Therefore, the group does not expect the application of IFRS 15 to result in significant differences in the timing of revenue recognition for these services.

i. Construction contracts

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.

3.14.3 IFRS 16 Leases

IFRS 16, published in January 2016 replaces the previous guidance in IAS 17 *Leases*. Under this revised guidance, leases will be brought onto companies' balance sheets, increasing the visibility of their assets and liabilities. It further removes the classification of leases as either operating leases or finance leases treating all leases as finance leases from the perspective of the lessee, thereby eliminating the requirement for a lease classification test. The revised guidance has an increased focus on who controls the asset and may change which contracts are leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019.

General impact of application of IFRS 16 Leases

In the current year, the group, for the first time, has applied IFRS 16 *Leases* (as issued by the IASB in January 2016) in its effective date.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Notes to the financial statements. The impact of the adoption of IFRS 16 on the Group's financial statements is described below.

The date of initial application of IFRS 16 for the group is 1 January 2019

The group has applied IFRS 16 using the modified retrospective approach, without restatement of the comparative information

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the group has carried out an implementation project.

Impact on Lessee Accounting

Former operating leases

IFRS 16 changes how the group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and separates the total amount of cash paid presented within financing activities in the statement of cash flows.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*. This replaces the previous requirement to recognize a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the group has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within rent expenses in the statement of profit or loss.

Former finance leases

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the group recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the group's financial statements.

Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently. However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in the leased assets.

As required by IFRS 9, an allowance for expected credit loss has been recognized on the finance lease receivables.

3.15 Finance income and expenses

Finance income comprises interest income on fixed deposits and Short Notice Deposit (SND). Interest income is recognized in profit or loss as it accrues, using the effective interest rate method.

Finance costs comprises interest expense on overdraft, LTR, term loan, short term borrowings and finance lease. All finance expenses are recognised in the statement of comprehensive income.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.16 Foreign currency

Transactions in foreign currencies are translated to Taka at the foreign exchange rates prevailing on the date of transaction. All monetary assets and liabilities denominated in foreign currencies at reporting date are translated to Taka at the rates of exchange prevailing on that date. Resulting exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of profit or loss and other comprehensive income as per International Accounting Standard IAS-21 "The Effects of Changes in Foreign Exchange Rates".

3.17 Taxation

Income tax expenses represents current tax and deferred tax. Income tax expense is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax:

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous year. Provisions for corporate income tax is made following the rate applicable for companies as per Finance Act 2021-2022.

Deferred tax:

Deferred tax has been recognised in accordance with International Accounting Standard (IAS) 12. Deferred tax is provided using the liability method for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purpose. Deferred tax is determined at the effective income tax rate prevailing at the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.18 Earning per share

The Company presents basic and diluted (when dilution is applicable) earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company with the weighted average number of ordinary shares outstanding during the year, adjusted for the effect of change in number of shares for bonus issue. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. However, dilution of EPS is not applicable for these financial statements as there was no dilutive potential ordinary shares during the relevant years.

3.19 Determination and presentation of operating segment

Details of product-wise segment reporting as required by IFRS-8 operating segments is followed.

3.20 Contingencies

Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liability should not be recognised in the financial statements, but may require disclosure. A provision should be recognised in the year in which the recognition criteria of provision have been met.

Contingent asset

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent asset must not be recognised. Only when the realisation of the related economic benefits is virtually certain should recognition take place provided that it can be measured reliably because, at that point, the asset is no longer contingent.

3.21 Statement of cash flows

Statement of cash flows is prepared under direct method in accordance with International Accounting Standard IAS-7 "Statement of cash flows" as required by the Securities and Exchange Rules 1987.

3.22 New standards adopted

The following new standard is effective for annual years beginning from 1 January 2018/2019 and have been applied in preparing these financial statements.

IFRS 9	Financial Instruments.
IFRS 15	Revenue from contract with customers.
IFRS 16	Leases

3.23 Events after the reporting period

Events after the reporting period that provide additional information about the Company's position at the reporting date are reflected in the financial statements. Material events after the reporting period that are not adjusting events are disclosed by way of note.

3.24 Comparatives and reclassification

Comparative information have been disclosed in respect of 2020 for all numerical information in the financial statements and also the narrative and descriptive information when it is relevant for understanding of the current period's financial statements.

To facilitate comparison, certain relevant balances pertaining to the previous period have been rearranged/reclassified whenever considered necessary to conform to current period's presentation.

4 Property, plant and equipment

30 June 2021

Particulars	C O S T				D E P R E C I A T I O N				Amount in Taka	
	Balance as at 01 Jan 2021	Addition during the period	Sale/disposal transfer during the period	Balance as at 30 June 2021	Rate (%)	Balance as at 01 Jan 2021	Charged during the period	Adjustment during the period	Balance as at 30 June 2021	Net book value as at 30 June 2021
Land	341,565,707	-	-	341,565,707	-	-	-	-	-	341,565,707
Factory building	1,038,033,128	93,236	-	1,038,126,364	5-20	488,346,178	24,187,989	-	512,534,167	525,592,196
Office and accommodation building*	507,945,394	-	-	507,945,395	5	174,934,010	14,230,055	-	189,164,065	318,781,329
Plant and machinery	5,786,866,673	75,264,593	-	5,862,131,267	5-10	4,073,660,908	172,925,341	-	4,246,586,250	1,615,545,016
Mobile plant	142,301,896	-	(30,666,089)	111,635,807	10	108,869,473	2,522,379	(28,881,519)	82,510,332	29,125,475
Electrical installation	242,630,147	-	-	242,630,147	10-20	208,442,647	3,546,089	-	211,988,736	30,641,411
Gas pipeline	79,438,345	1,075,709	-	80,514,054	10-20	59,976,468	2,015,253	-	61,991,721	18,522,333
Furniture and fixtures	42,711,628	2,084,740	-	44,796,368	10	28,184,190	1,508,557	-	29,692,747	15,103,621
Office equipment	97,120,412	1,608,364	-	98,728,776	10-20	85,303,137	2,289,313	-	87,592,450	11,136,327
Communication equipment	13,757,324	-	-	13,757,325	10-20	8,450,582	964,025	-	9,414,608	4,342,717
Tools and appliances	19,177,087	689,892	-	19,866,989	10-20	13,596,805	714,009	-	14,310,814	5,556,175
Vehicles	84,511,239	-	-	88,290,549	10-20	59,230,381	3,252,404	-	62,482,784	25,807,764
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	8,399,690,002	84,595,843	(30,666,089)	8,453,619,758		5,312,625,791	228,155,414	(28,881,519)	5,511,899,685	2,941,720,073

31 Dec 2020

Particulars	C O S T				D E P R E C I A T I O N				Amount in Taka	
	Balance as at 01 Jan 2020	Addition during the year	Sale/disposal transfer during the year	Balance as at 31 Dec 2020	Rate (%)	Balance as at 01 Jan 2020	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2020	Net book value as at 31 Dec 2020
Land	338,570,507	2,995,200	-	341,565,707	-	-	-	-	-	341,565,707
Factory building	1,038,033,128	-	-	1,038,033,128	5-20	434,633,410	53,712,768	-	488,346,178	549,686,949
Office and accommodation building*	200,864,019	100,062,037	207,019,337	507,945,395	5	119,708,362	17,174,934	38,050,714	174,934,010	333,011,384
Plant and machinery	5,545,628,139	242,044,784	(806,250)	5,786,866,674	5-10	3,758,357,220	315,353,914	(50,225)	4,073,660,908	1,713,203,765
Mobile plant	142,301,896	-	-	142,301,896	10	103,632,451	5,237,022	-	108,869,473	33,432,423
Electrical installation	242,630,147	-	-	242,630,147	10-20	200,863,110	7,579,537	-	208,442,647	34,187,500
Gas pipeline	79,438,345	-	-	79,438,345	10-20	56,251,363	3,725,105	-	59,976,468	19,461,877
Furniture and fixtures	44,569,418	2,863,982	(4,721,772)	42,711,628	10	30,123,069	2,777,793	(4,716,673)	28,184,191	14,527,438
Office equipment	119,827,598	4,093,113	(26,800,299)	97,120,413	10-20	93,068,558	19,010,249	(26,775,670)	85,303,137	11,817,276
Communication equipment	18,105,282	188,931	(4,536,890)	13,757,325	10-20	10,640,101	2,347,334	(4,536,853)	8,450,583	5,306,742
Tools and appliances	19,177,087	-	-	19,177,087	10-20	12,019,368	1,577,437	-	13,596,805	5,580,282
Vehicles	91,062,462	-	(6,551,223)	84,511,240	10-20	58,616,737	6,771,205	(6,157,560)	59,230,380	25,280,859
Fire fighting equipment	3,631,012	-	-	3,631,012	20	3,631,012	-	-	3,631,012	-
Total	7,883,839,050	352,248,049	163,602,903	8,399,690,005		4,881,544,761	435,267,286	(4,186,267)	5,312,625,791	3,087,064,214

* Office and accommodation building includes EDT. 207,019,337 (gross block) has transferred from "investment property" to "property, plant and equipment" because management has decided to use the assets for its own purpose. Therefore, due to change in use of office building, an apartment on 10th floor at RAK Tower, has transferred from "investment property" to "property, plant and equipment".

5 Investment Property

30 June 2021

Particulars	COST			Rate	Balance as at 30 June 2021	DEPRECIATION			Net book value as at 30 June 2021
	Balance as at 01 Jan 2021	Addition during the period	Sale/Transfer during the period			Balance as at 01 Jan 2021	Charged during the period	Adjustment during the period	
Land ¹	500,571,750	-	-	-	500,571,750	-	-	-	500,571,750
Office building ²	4,432,737	-	-	5%	4,432,737	110,047	-	1,658,450	2,774,287
Total	505,004,487	-	-		505,004,487	110,047	-	1,658,450	503,346,037

31 Dec 2020

Particulars	COST			Rate	Balance as at 31 Dec 2020	DEPRECIATION			Net book value as at 31 Dec 2020
	Balance as at 01 Jan 2020	Addition during the year	Sale/Transfer during the year			Balance as at 01 Jan 2020	Charged during the year	Adjustment during the year	
Land ¹	500,571,750	-	-	-	500,571,750	-	-	-	500,571,750
Office building ²	211,452,074	-	(207,019,337)	5%	4,432,737	9,008,663	(38,050,714)	1,548,404	2,884,333
Total	712,023,824	-	(207,019,337)		505,004,487	9,008,663	(38,050,714)	1,548,404	503,456,083

1 The land 10 khata is situated besides the RAK Tower was acquired in March 2012. The same was classified as Property, plant & equipment till 31 Dec 2016. However, presently the asset is under operating lease considering undetermined future use. Hence in the current financial statements, the same is reclassified as an item of "Investment Property" as defined under IAS 40.

The said property are stated at cost as per IAS 16 due to alternate reliable sources of measurement being unavailable.

2 The property, being an Apartment on 10th floor, RAK Tower, was acquired in the month of February 2017 from M/s Jujhar Bangladesh (Erstwhile RAK Pharmaceuticals Pvt. Ltd) and godown office building is situated at above mentioned land. This property is too under operating lease culminating in undetermined future use till 31 October 2020. Hence the same was classified under "Investment Property" under IAS 40 till 31 October 2020.

The fair values of the property has been adopted at the transaction value considering that the municipal valuation of the property has fairly remained unchanged, the company has adopted the transaction value as the fair value of the property.

3 Management has decided to use the 10th floor for its own from 1 November 2020. Therefore, the property under office building, an apartment on 10th floor at RAK Tower, has transferred from "investment property to "Property, plant and equipment" due to change in use in accordance with IAS 40.

	30 June 2021	30 June 2020
	Taka	Taka
5.1 Depreciation charged on the basis of the purpose of use		
Cost of sales (Note 25)	210,781,766	193,554,709
Administrative expenses (Note 5.2)	14,833,416	22,694,229
Marketing & selling expenses (Note 28)	2,650,279	2,714,565
	228,265,461	218,963,504
5.2 Administrative expenses		
Depreciation on property, plant & equipment (Note 27)	14,723,369	17,274,805
Depreciation on investment property (Note 27)	110,047	5,419,424
	14,833,416	22,694,229

5.3 Disposal of property, plant and equipment

30 June 2021

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Mobile plant	30,666,089	28,881,519	1,784,570	3,332,000	1,547,431
Total	30,666,089	28,881,519	1,784,570	3,332,000	1,547,431

31 Dec 2020

Particulars	Original cost	Accumulated depreciation	Book value	Receipt against sales/insurance	Profit/(loss) on disposal
	Taka	Taka	Taka	Taka	Taka
Office equipment	26,800,299	26,775,670	24,629	32,500	7,871
Vehicle	6,551,223	6,157,560	393,663	1,942,500	1,548,837
Furniture & fixture	4,721,772	4,716,673	5,100	131,500	126,400
Plant and machinery	806,250	50,225	756,025	255,000	(501,025)
Communication equipment	4,536,890	4,536,853	37	-	(37)
Total	43,416,434	42,236,981	1,179,453	2,361,500	1,182,046

6 Right-of-use assets

30 June 2021

Particulars	COST			DEPRECIATION				Net book value as at 30 June 2021
	Balance as at 01 Jan 2021	Addition during the period	Sale/disposal during the period	Balance as at 30 June 2021	Charged during the period	Adjustment during the period	Balance as at 30 June 2021	
Display center	51,948,657	-	-	51,948,657	3,651,453	-	35,132,491	16,816,167
Accommodation Building	2,432,214	-	-	2,432,214	338,697	-	2,055,276	376,937
Office Building	3,776,889	-	-	3,776,889	-	-	3,776,889	-
Total	58,157,760	-	-	58,157,760	3,990,152	-	40,964,656	17,193,105

Allocation of depreciation

	30 June 2021	30 June 2020
Administrative expenses (Note:27)	338,697	1,297,145
Marketing & Selling expenses (Note:28)	3,651,453	6,922,206
	<u>3,990,152</u>	<u>8,219,351</u>

31 Dec 2020

Particulars	COST			DEPRECIATION				Net book value as at 31 Dec 2020
	Balance as at 01 Jan 2020	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2020	Charged during the year	Adjustment during the year	Balance as at 31 Dec 2020	
Display center	47,637,481	11,271,396	(6,960,220)	51,948,657	7,302,906	(6,960,220)	31,481,037	20,467,620
Accommodation Building	3,300,136	699,246	(1,567,168)	2,432,214	1,394,608	(1,490,209)	1,716,579	715,635
Warehouse	32,707,529	-	(32,707,529)	-	4,906,129	(10,629,947)	-	-
Office Building	3,776,889	-	-	3,776,889	865,537	-	3,776,889	-
Total	87,422,036	11,970,643	(41,234,917)	58,157,760	14,469,180	(19,080,376)	36,974,505	21,183,255

6.1 Gain/(loss) on retirement of right-of-use assets

30 June 2021

Particulars	Lease liability	Right-of-use assets	Gain/(loss)
Warehouse	-	-	-
Accommodation	-	-	-
Total	-	-	-

31 Dec 2020

Particulars	Lease liability	Right-of-use assets	Gain/(loss)
Warehouse	21,594,420	22,077,582	(483,162)
Accommodation	84,526	76,959	7,567
Total	21,678,946	22,154,541	(475,595)

1. Company rented four display center's situated in Dhaka, Chittagong and Sylhet.
2. Accommodation Buildings rented for the use of transit employees.
3. Company took a warehouse at pubal to store the finished goods to distribute in nearby area promptly. The company now feel that the warehouse is not required. Therefore, the company cancelled the lease agreement dated 30 September 2020.
4. Office Buildings rented for the use of official work.

7 Intangible assets

30 June 2021

Particulars	COST				AMORTIZATION				Net book value as at 30 June 2021
	Balance as at 01 Jan 2021	Addition during the period	Sale/disposal during the period	Balance as at 30 June 2021	Balance as at 01 Jan 2021	Amortized during the period	Adjustment during the period	Balance as at 30 June 2021	
License	22,692,876	-	-	22,692,876	22,091,943	143,738	-	22,235,680	457,195
Computer Software	11,614,380	-	-	11,614,380	9,082,956	610,317	-	9,693,272	1,921,108
Total	34,307,256	-	-	34,307,256	31,174,899	754,054	-	31,928,953	2,378,303

31 Dec 2020

Particulars	COST				AMORTIZATION				Net book value as at 31 Dec 2020
	Balance as at 01 Jan 2020	Addition during the year	Sale/disposal during the year	Balance as at 31 Dec 2020	Balance as at 01 Jan 2020	Amortized during the year	Adjustment during the year	Balance as at 31 Dec 2020	
License	22,199,986	492,890	-	22,692,876	19,467,114	2,624,829	-	22,091,943	600,933
Computer Software	11,614,380	-	-	11,614,380	7,852,207	1,230,749	-	9,082,956	2,531,424
Total	33,814,366	492,890	-	34,307,256	27,319,321	3,855,578	-	31,474,899	3,132,357

	<u>30 June 2021</u>	<u>31 Dec 2020</u>
	<u>Taka</u>	<u>Taka</u>
8 Capital Work-in-Progress		
Balance as at 1 January	56,636,694	177,641,997
Add: Addition during the period	38,921,154	218,936,985
	<u>95,557,848</u>	<u>396,578,982</u>
Less: Transfer to property, plant & equipment and investment Property (note 8.1)	75,934,063	339,942,288
Balance as at 30 June	<u>19,623,785</u>	<u>56,636,694</u>
8.1 Items transferred from capital work in progress to property, plant & equipment		
Factory building	93,236	100,062,037
Plant & machinery	74,591,468	238,863,795
Others	1,249,359	1,016,456
	<u>75,934,063</u>	<u>339,942,288</u>
9 Inventories		
Raw materials	748,315,766	606,226,281
Less : Provision for slow moving & obsolete inventories	19,735,586	20,246,533
Less: Write off for obsolete raw materials	-	23,875,000
	<u>728,580,180</u>	<u>562,104,748</u>
Stores and consumables spares and packing	855,719,771	899,836,155
Less: Provision/Write off for stores and spares	15,413,375	30,826,750
	<u>840,306,395</u>	<u>869,009,405</u>
Finished goods (net of net realizable value adjustment)	492,188,836	441,243,898
Less : Provision for slow moving & obsolete inventories	17,056,536	17,064,161
	<u>475,132,299</u>	<u>424,179,737</u>
Work-in-process	52,045,209	47,290,564
Goods-in-transit	287,148,159	124,405,926
	<u>2,383,212,243</u>	<u>2,026,990,380</u>

	<u>30 June 2021</u>	<u>31 Dec 2020</u>
	<u>Taka</u>	<u>Taka</u>
10 Trade and other receivables		
Trade receivables (Note 10.1)	1,178,656,848	997,281,663
	<u>1,178,656,848</u>	<u>997,281,663</u>
Accrued interest (Note 10.2)	3,819,556	10,941,100
Accrued rental income	570,000	570,000
Other receivable	-	7,485
	<u>1,183,046,404</u>	<u>1,008,800,248</u>
10.1 Trade receivables		
Receivables from local sales	1,187,821,198	1,006,405,123
Receivables from export sales	-	779,903
	<u>1,187,821,198</u>	<u>1,007,185,026</u>
Less: Provision of impairment loss on trade receivable:		
Unrelated parties	2,441,507	3,031,610
Related parties	6,722,843	6,871,753
	<u>1,178,656,848</u>	<u>997,281,663</u>
10.2 Accrued interest		
Interest accrued on FDR	3,819,555	6,846,046
Interest accrued on SND	-	4,095,054
	<u>3,819,556</u>	<u>10,941,100</u>
11 Advance, deposit and prepayments		
Advances:		
Employees	223,000	-
Purchase of land and others	5,330,686	2,369,670
Suppliers against materials and services	151,705,291	33,557,110
	<u>157,258,977</u>	<u>35,926,780</u>
Security and other deposits:		
Titas gas	69,752,450	69,752,450
Mymensingh Palli Bidyut Samity-2	1,955,000	1,955,000
VAT and Supplementary duty (Note-11.1)	2,226,158	7,417,931
Deposited with income tax authority	79,320,962	68,128,195
Deposited with VAT authority	58,361,240	58,361,240
Display center and others	2,413,000	2,449,000
Other deposits	1,494,626	1,494,626
	<u>215,523,436</u>	<u>209,558,442</u>
Prepayments:		
Insurance and others	37,910,974	24,825,876
	<u>410,693,387</u>	<u>270,311,098</u>

	<u>30 June 2021</u>	<u>31 Dec 2020</u>
	<u>Taka</u>	<u>Taka</u>
11.1 Supplementary duty & VAT		
Balance as at 1 January	7,417,931	1,833,191
Add: Treasury deposit for SD & VAT purpose	-	52,131,108
	<u>7,417,931</u>	<u>53,964,298</u>
Less: SD & VAT on sales	5,191,773	46,546,367
Balance as at 30 June	<u><u>2,226,158</u></u>	<u><u>7,417,931</u></u>

The above amount represents RAK Power Pvt. Ltd. and RAK Security and services Pvt. Ltd

12 Advance Income Tax

Balance as at 1 January	3,588,659,675	3,434,063,275
Add: Paid during the period	91,396,587	154,596,400
Balance as at 30 June (Note - 12.1)	<u><u>3,680,056,262</u></u>	<u><u>3,588,659,675</u></u>

12.1 Payment for the year

Income year

Current period	76,396,588	-
Year 2020	123,996,289	115,088,258
Year 2019	280,949,748	274,857,779
Year 2018	314,338,282	314,338,282
Year 2017	344,518,556	344,518,556
Year 2016	291,375,845	291,375,845
Year 2015	187,267,285	187,267,285
Year 2014	291,694,002	291,694,002
Year 2013	389,651,054	389,651,054
Year 2012	334,263,453	334,263,453
Year 2011	328,701,317	328,701,317
Year 2010	265,532,626	265,532,626
Year 2009	218,091,876	218,091,876
Year 2008	85,378,847	85,378,847
Year 2007	124,813,161	124,813,161
Year 2006	23,087,333	23,087,333
	<u><u>3,680,056,262</u></u>	<u><u>3,588,659,675</u></u>

	<u>30 June 2021</u>	<u>31 Dec 2020</u>
	<u>Taka</u>	<u>Taka</u>
13 Cash and cash equivalents		
Cash In hand	3,662,140	5,899,358
Cash at banks		
HSBC (current account -001-013432-011, 107580-011, 096015-011, 096007-011 BDT)	-	808,003
Standard Chartered Bank (current account - 01-6162940-01, 01-3767272-01 - BDT)	77,153	94,048,347
BRAC Bank Ltd. (current account - 1530201731248001 - BDT)	1,212,088	20,293,811
Citibank N.A. (current account - G0100001200262018 - BDT)	150,139	156,438
Dutch Bangla Bank Ltd. (current account -117-110-12733,117-110-4311,117.110.23474 BDT)	3,066,699	21,955,460
Standard Chartered Bank (ERQ - 42-6162940-01 - USD)	8,706,089	11,828,247
Standard Chartered Bank (Margin money account)	25,727,311	3,319,200
United Commercial Bank (SND account - 0831301000000164 BDT)	7,442,069	26,109,945
Eastern Bank Ltd. (SND account - 1131350237146 - BDT)	87,855,907	116,447,666
Eastern Bank Ltd. (SND account - 1131350237393 WH - BDT)	-	3,291
EXIM Bank (SND account - 01513100031877 - BDT)	-	706,355
Standard Chartered Bank (SND account - 02-3767272-01 - BDT)	54,905	55,211
Dutch Bangla Bank Ltd. (SND account - 117-120-589, 117-120-330,117-120.2550 - BDT)	225,588,835	192,923,791
Dutch Bangla Bank Ltd. (SND account - 117-120-376 (WH)- BDT)	-	129,548
BRAC Bank (SND - 1513101731248001 - BDT)	363,792	363,694
Prime Bank Ltd. (SND - 12531010022563 - BDT)	14,199,093	7,650,678
Eastern Bank Ltd. (CD account - 1132040363287, 1041060507936 - BDT)	15,223,077	457,046
Dhaka Bank Ltd (SND - 102.150.274- BDT))	37,357,362	36,019,530
Commercial Bank of Ceylon (CD-2817000776 - BDT.)	34,991,052	25,000
Dhaka Bank Ltd (CD - 204100000019318- BDT))	137,304	137,649
Commercial Bank of Ceylon (SND-2817000777 - BDT.)	13,252,203	128,925,016
Meghna Bank Ltd. (SND 1112-13500000004 - BDT)	47,790,486	60,095,754
Midland Bank Ltd. (SND 0006-1070000015, 0006-1060000043 - BDT)	15,517,700	504,195
EBL (Margin Money account)	4,681,650	10,426,965
	<u>543,394,914</u>	<u>733,390,840</u>
IPO bank account		
Citibank N.A. (RAK-IPO Central Account - G010001200262022 - BDT)	2,100,731	2,433,214
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262042 - USD)	3,919,501	3,919,501
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262026 - EURO)	153,606	153,606
Citibank N.A. (RAK-IPO-NRB Subscription - G0100001200262034 - GBP)	126,599	126,599
	<u>6,300,437</u>	<u>6,632,920</u>
Dividend bank account		
BRAC Bank (Current - 1510201731248001 - BDT) - 2010	13,502,881	2,606,551
BRAC Bank (Current - 1513201731248001 - BDT) - 2011	8,786,061	2,190,689
SCB (SND - 02-6162940-02- BDT) - 2012	3,884,798	3,885,208
SCB (SND - 02-6162940-03- BDT) - 2013	2,880,056	16,951,065
SCB (SND - 02-6162940-04- BDT) - 2014	5,021,972	5,021,420
SCB (SND - 02-6162940-05- BDT) - 2015	3,741,375	3,743,396
SCB (SND - 02-6162940-06- BDT) - 2016	4,220,105	4,222,208
SCB (SND - 02-6162940-07- BDT) - 2017	1,637,459	1,663,022
SCB (SND - 02-6162940-08- BDT) - 2018	1,929,032	1,933,758
SCB (SND - 02-6162940-09- BDT) - 2019	6,609,735	8,479,278
SCB (SND - 02-6162940-10- BDT) - 2020	3,926,251	-
	<u>56,139,725</u>	<u>50,696,595</u>
Investment in Fixed Deposit Receipt (FDR)		
HSBC	-	11,974,547
SCB	6,762,080	6,762,080
BRAC Bank Ltd.	150,000,000	250,000,000
Dutch Bangla Bank Ltd.	400,000,000	428,838,500
Eastern Bank Ltd.	155,745,315	150,000,000
Dhaka Bank Ltd.	300,000,000	250,000,000
Commercial bank of Ceylon	55,000,000	55,000,000
	<u>1,067,507,395</u>	<u>1,152,575,127</u>
	<u>1,677,004,611</u>	<u>1,949,194,840</u>

	30 June 2021		31 Dec 2020	
	Taka		Taka	
14 Share Capital				
Authorised :				
600,000,000 ordinary shares of Taka 10/- each		6,000,000,000		6,000,000,000
Issued, subscribed, called and paid up :				
427,968,701 ordinary shares of Taka 10/- each		4,279,687,010		4,279,687,010
Percentage of shareholdings :				
	2021		2020	
	%	Taka	%	Taka
RAK Ceramics PJSC, UAE	68.13	2,915,864,310	68.13	2,915,864,310
S.A.K. Ekramuzzaman	3.95	168,958,240	3.95	168,958,240
HH Sheikh Saud Bin Saqr Al Qassimi	0.00	340	0.00	340
Sheikh Omer Bin Saqr Al Qassimi	0.00	340	0.00	340
Sheikh Ahmad Bin Humaid al Qassimi	0.00	340	0.00	340
Hamad Abdulla Al Muttawa	0.00	160	0.00	160
Dr. Khater Massaad	0.00	160	0.00	160
Abdallah Massaad	0.00	160	0.00	160
Manoj Uttamrao Ahire	0.00	160	0.00	160
General Public	27.92	1,194,862,800	27.92	1,194,862,800
	100.00	4,279,687,010	100.00	4,279,687,010

The company was incorporated on 26th of November 1998 with paid up capital of BDT 1,000 and subsequently has issued ordinary shares including bonus shares in several dates i.e. 30 September 2000, 30 October 2005, 15 June 2009, 28 July 2009, 31 January 2010, 24 May 2010, 20 March 2011, 15 April 2012, 10 April 2013, 02 April 2014, 29 March 2017, 18 April 2018 and 09 April 2019.

Classification of shareholders by holding

Shareholders' range	Number of shareholders		Number of shares	
	2021	2020	2021	2020
01-499 shares	17,750	19,020	4,325,579	4,669,870
500 to 5,000 shares	7,107	7,619	11,478,258	12,586,707
5001 to 10,000 shares	865	986	6,299,113	7,057,991
10,001 to 20,000 shares	445	501	6,341,670	7,062,682
20,001 to 30,000 shares	153	178	3,786,665	4,330,386
30,001 to 40,000 shares	66	70	2,291,831	2,399,501
40,001 to 50,000 shares	41	51	1,898,394	2,296,962
50,001 to 100,000 shares	91	97	6,390,957	6,817,326
100,001 to 1,000,000 shares	113	106	29,834,455	25,620,555
1,000,001 to 1,000,000,000 Shares	16	16	355,321,779	355,126,721
	26,647	28,644	427,968,701	427,968,701

15 Share premium

On 31 January, 2010, company issued 10,000,000 ordinary shares in favor of institutional shareholder and employees per share BDT. 40 (include BDT. 30 as premium). On 24 May, 2010 Company again issued 34,510,000 ordinary shares through IPO per share BDT. 48 (include BDT. 38 as premium). Details reconciliation shown below:

No. of shares	Share premium (per share)	2021 Taka	2020 Taka
10,000,000	30	300,000,000	300,000,000
34,510,000	38	1,311,380,000	1,311,380,000
		1,611,380,000	1,611,380,000
Less : Share issue expenses		137,732,021	137,732,021
		1,473,647,979	1,473,647,979

16 Reserve and surplus

Balance as on 1 January	1,269,975,797	1,601,275,518
Add : Profit during the period	435,563,683	310,653,331
	1,705,539,480	1,911,928,849
Less: Dividend declared during the period	(427,968,701)	(641,953,052)
Balance as on 30 June	1,277,570,779	1,269,975,797

Detail movement for reserve and surplus shown under statement of changes in equity.

	30 June 2021 Taka	31 Dec 2020 Taka	
17 Deferred tax liabilities			
Balance as at 1 January	191,761,301	191,893,149	
Less : Deferred tax (income)/expenses	<u>(26,633,491)</u>	<u>(131,848)</u>	
Balance as at 30 June	<u>155,127,810</u>	<u>191,761,301</u>	
	Carrying amount on the date of statement of financial position	Tax base	Taxable/ (deductible) temporary difference
	Taka	Taka	Taka
As at 30 June 2021			
Property, plant and equipment (Excluding land and others)	2,544,876,707	1,797,229,457	747,647,250
Trade receivable	1,183,701,673	1,192,866,024	(9,164,350)
Inventory	2,333,862,167	2,407,390,374	<u>(73,528,208)</u>
Net taxable temporary difference			<u>664,954,692</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>155,127,810</u>
As at 31 December 2020			
Property, plant and equipment (Excluding land and others)	2,685,260,012	1,871,466,588	813,793,424
Trade receivable	1,008,371,909	1,018,275,272	(9,903,363)
Inventory	1,964,552,190	2,024,804,059	<u>(60,251,859)</u>
Net taxable temporary difference			<u>743,638,192</u>
Deferred tax liability (applying applicable tax rate for individual company)			<u>191,761,301</u>

18 Employees benefits payable

	30 June 2021		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the period	<u>33,978,354</u>	<u>18,993,166</u>	<u>52,971,520</u>
	33,978,354	18,993,166	52,971,520
Less: Payments made to fund during the period	<u>28,059,035</u>	<u>9,330,862</u>	<u>37,389,896</u>
Balance as at 30 June	<u>5,919,320</u>	<u>9,662,304</u>	<u>15,581,624</u>
Provision and payment includes BDT. 219,802 for the period 2021 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.			
	31 Dec 2020		
	Provident fund Taka	Gratuity fund Taka	Total Taka
Balance as at 1 January	-	-	-
Add: Provision made during the year	<u>61,920,904</u>	<u>35,510,412</u>	<u>97,431,316</u>
	61,920,904	35,510,412	97,431,316
Less: Payments made to fund during the year	<u>61,920,904</u>	<u>35,510,412</u>	<u>97,431,316</u>
Balance as at 31 December	-	-	-
Provision and payment includes BDT. 1,199,147 for the year 2020 as employee contribution paid to employee leaving company before being eligible for provident fund and employer's contribution reversed.			

19 Borrowings

Bank overdrafts	4,656,986	-
Short-term borrowings	<u>78,394,102</u>	<u>119,940,905</u>
	83,051,088	119,940,905
Balance as at 30 June	<u>83,051,088</u>	<u>119,940,905</u>

19.1 Borrowings by maturity

At 30 June 2021	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	4,656,986	-	-	4,656,986
Short-term borrowings	<u>78,394,102</u>	-	-	<u>78,394,102</u>
	<u>83,051,088</u>	-	-	<u>83,051,088</u>
At 31 December 2020	< 1 year	1-2 years	2-5 years	Total
Bank overdrafts	-	-	-	-
Short-term borrowings	<u>119,940,905</u>	-	-	<u>119,940,905</u>
	<u>119,940,905</u>	-	-	<u>119,940,905</u>

19.2 Facilities details (Funded)

Bank	Name of facilities	Limit	Utilisation	Maturity	Repayment	Security - STL
SCB	Overdraft	50,000,000	4,656,986	Revolving	From company's own source	
	Short term loan	500,000,000	-	180/360 days from B/L date		
Eastern Bank Ltd.	Overdraft	30,000,000	-	Revolving	From company's own source	1) Corporate guarantee,
	Short term loan	425,000,000	-	180/360 days from B/L date		
Dutch Bangla Bank Ltd.	Overdraft	25,000,000	-	Revolving	From company's own source	2) Hypothecation over stock & book debts on a parri-passu basis with other lenders.
	Short term loan	90,000,000	-	180/360 days from B/L date		
Commercial Bank of Ceylon	Overdraft	35,000,000	-	Revolving	From company's own source	3) Demand promissory note.
	Short term loan	550,000,000	78,394,102	180/360 days from B/L date		

						30 June 2021 Taka	31 Dec 2020 Taka
20 Lease liability							
Non-current:							
Lease liability						11,525,072	13,796,578
Less : Current portion of lease liability						4,562,958	4,505,188
						<u>6,962,114</u>	<u>9,291,390</u>
Current:							
Current portion of lease liability						4,562,958	4,505,188
30 June 2021							
Lease liability schedule							
Particulars	Balance as on 01 January, 2021	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 30 June 2021	
Display center	13,054,447	-	2,518,384	591,991	1,926,392	11,128,055	
Accommodation Building	742,131	-	372,000	26,886	345,114	397,017	
	<u>13,796,578</u>	<u>-</u>	<u>2,890,384</u>	<u>618,877</u>	<u>2,271,506</u>	<u>11,525,072</u>	
31 Dec 2020							
Lease liability schedule							
Particulars	Balance as on 01 January, 2020	Addition/(deletion)	Payment	Interest expenses	Decrease in lease liability	Balance as on 31 December 2020	
Display center	11,583,808	4,977,901	4,965,967	1,458,705	3,507,262	13,054,447	
Accommodation Building	1,558,557	614,720	1,531,734	100,588	1,431,146	742,131	
Warehouse	25,330,639	(21,594,420)	5,467,635	1,731,416	3,736,219	-	
Office Building	1,002,871	-	1,045,000	42,128	1,002,871	-	
	<u>39,475,875</u>	<u>(16,001,798)</u>	<u>13,010,336</u>	<u>3,332,837</u>	<u>9,677,498</u>	<u>13,796,578</u>	
21 Trade and other payables							
Trade payables							
Payable to local suppliers						74,008,349	127,943,341
Payable to foreign suppliers						350,727,423	199,107,788
Payable to service provider						21,253,929	45,527,314
Payable to C & F agent						<u>22,095,780</u>	<u>34,072,045</u>
						<u>468,085,481</u>	<u>406,650,488</u>
Other payables							
Tax deducted at source						16,272,824	21,601,748
Tax deducted at source on remuneration (Note 22.1)						5,167,751	4,312,351
VAT deducted at source						4,819,431	10,062,124
VAT and Supplementary duty payable (Note-21.1)						87,226,991	139,511,697
Unclaimed share application						20,474,756	20,810,756
Advance from customer against sales						23,749,836	9,524,924
Security deposit payable						3,452,542	3,470,342
Payable to employees						762,948	2,025,964
Provisional liabilities - material & services						<u>110,586,168</u>	<u>7,523,078</u>
						<u>272,513,247</u>	<u>218,842,984</u>
						<u>740,598,728</u>	<u>625,493,472</u>

	30 June 2021	31 Dec 2020
	Taka	Taka
21.1 VAT and Supplementary duty (SD) payable		
Opening Balance	139,511,697	103,722,054
VAT and Supplementary duty on sales	1,117,831,551	1,702,174,325
	1,257,343,248	1,805,896,379
Treasury deposit for SD & VAT purpose	815,501,782	1,237,856,244
Rebate of input VAT	354,614,478	428,528,450
	1,170,116,260	1,666,384,694
Balance as at 30 June	87,226,991	139,511,697

21.2 Unclaimed Dividend Payable

Year	Dividend declared	TDS on dividend	Net dividend	Dividend distributed till 30 June 2021	Undistributed fund (BDT) as on 30 June 2021
2010	345,110,250	60,198,297	284,911,953	274,257,528	10,654,425
2011	379,521,275	65,382,545	314,138,730	306,565,034	7,673,696
2012	417,593,403	27,344,749	390,248,653	386,534,701	3,703,952
2013	459,341,744	30,693,245	428,648,499	426,106,458	2,542,041
2014	842,126,528	60,654,665	781,471,863	776,454,348	5,017,515
2015	842,126,528	61,659,449	780,467,078	776,770,924	3,696,154
2016	673,701,222	48,745,089	624,956,133	620,747,969	4,208,164
2017	353,693,141	27,276,252	326,416,889	324,755,439	1,661,450
2018	389,062,456	29,888,903	359,173,553	357,221,114	1,952,439
2019	641,953,052	49,029,624	592,923,428	586,307,840	6,615,587
2020	427,968,701	32,747,652	395,221,049	391,693,261	3,527,789
	5,772,288,298	493,620,470	5,278,667,828	5,227,414,617	51,253,211

22 Accrued expenses

Power and gas	36,031,939	39,137,439
Staff cost	111,056,031	110,868,915
Dealer's commission, incentive	11,365,575	-
Audit fees	764,748	1,525,000
Professional charges	661,746	445,000
Interest on loans	72,352	875,254
Telephone	243,247	380,138
Freight bill	16,854,036	1,997,523
Business promotion and advertisement	18,153,101	11,220,000
Hiring heavy equipment	1,000,000	-
Managing Director's remuneration (Note 22.1)	12,058,086	10,062,153
Worker's profit participation and welfare fund (Note 22.2)	27,342,599	22,816,672
Royalty and technical know-how fees (Note 22.3)	360,577,404	317,433,528
Others	9,402,109	3,520,214
	605,582,973	520,281,836

22.1 Managing Director's remuneration

Balance as at 1 January	10,062,153	35,910,357
Add: Payable to Managing Director for the period	17,225,837	14,374,504
	27,287,990	50,284,861
Less: Tax deducted at source during the period	5,167,751	4,312,351
Less: Paid to Managing Director during the period	10,062,153	35,910,357
Balance as at 30 June	12,058,086	10,062,153

22.2 Worker's profit participation and welfare fund

Balance as at 1 January	22,816,672	52,965,129
Add: Contribution made to the fund during the period	27,342,599	22,816,672
	50,159,271	75,781,801
Less: Payment made from the fund during the period	22,816,672	52,965,129
Balance as at 30 June	27,342,599	22,816,672

22.3 Provision for royalty and technical know-how fees

Balance as at 1 January	317,433,528	287,408,635
Add: Provision made during the period	43,143,876	30,521,994
	360,577,404	317,930,629
Less: Payment made during the period	-	497,101
Balance as at 30 June	360,577,404	317,433,528

23 Provision for Income Tax

Balance as at 1 January	3,971,266,511	3,834,252,156
Add: Provision made during the period	153,380,106	137,014,355
Balance as at 30 June (Note 23.1)	4,124,646,617	3,971,266,511

23.1 Provision for Income Tax

Income year		
Current period	153,380,106	-
Year 2020	137,014,355	137,014,355
Year 2019	296,420,303	296,420,303
Year 2018	316,355,666	316,355,666
Year 2017	346,089,883	346,089,883
Year 2016	302,798,649	302,798,649
Year 2015	323,397,728	323,397,728
Year 2014	377,885,822	377,885,822
Year 2013	362,336,361	362,336,361
Year 2012	339,211,366	339,211,366
Year 2011	326,685,215	326,685,215
Year 2010	348,965,691	348,965,691
Year 2009	266,823,984	266,823,984
Year 2008	147,117,914	147,117,914
Year 2007	80,163,573	80,163,573
	4,124,646,617	3,971,266,511

	30 June 2021 Taka	30 June 2020 Taka	April to June 2021 Taka	April to June 2020 Taka
24 Sales				
Gross sales from Ceramics product	4,687,215,627	2,739,401,166	2,219,209,815	721,546,860
Gross sales from Power generation	214,585,107	151,922,155	109,044,401	45,665,487
Gross sales from Security service	40,076,562	50,087,537	19,071,535	21,282,129
	4,941,877,296	2,941,410,858	2,347,325,751	788,494,476
Less: Elimination	205,093,756	147,648,168	104,547,489	44,312,171
Supplementary Duty	483,194,369	233,696,434	226,938,488	62,236,544
VAT	645,484,290	382,204,501	305,486,827	101,634,861
Discount	3,823,280	644,165	3,417,477	-
Commission, Incentive and bonus	335,580,662	204,959,129	170,950,862	77,116,573
Net sales	3,268,700,939	1,972,258,461	1,534,984,608	503,194,327
25 Cost of sales				
Materials consumed:				
Opening Inventory as at 1 January	562,104,748	797,865,060	605,208,008	704,404,519
Add: Purchase during the period	1,381,455,570	841,835,794	759,428,224	337,599,941
	1,943,560,318	1,639,700,854	1,364,636,232	1,042,004,460
Less: Closing Inventory as at 30 June	728,580,180	943,566,552	728,580,180	943,566,552
	1,214,980,138	696,134,302	636,056,052	98,437,908
Manufacturing overhead:				
Direct labour (note 25.1)	306,787,809	247,702,588	155,025,481	108,753,633
Direct expenses:				
Power and gas	160,945,947	112,018,136	76,553,624	22,998,185
Repairs and Indirect materials (note 25.2)	371,833,507	219,392,582	190,173,911	44,513,374
Depreciation on property, plant & equipment (note 5.1)	210,781,766	193,554,709	105,765,343	97,483,773
Royalty and technical know-how/assistance fees	43,143,876	-	19,946,475	(15,196,674)
Other production overhead (note 25.3)	19,836,200	24,424,290	10,503,394	11,579,237
Provision for slow moving & obsolete inventories (note 9)	(518,572)	4,981,006	(1,308,843)	2,730,851
Movement in stock	(53,012,222)	184,792,372	(125,154,581)	246,162,421
	2,274,778,449	1,682,999,985	1,067,560,856	617,462,707
25.1 Direct labour				
Salary & waqes	191,796,814	162,243,906	92,187,537	69,908,280
Overtime	21,542,347	12,469,043	13,318,011	4,417,905
Bonus	31,962,149	26,842,207	17,549,687	14,187,460
Incentive	42,682	190,685	-	119,186
Temporary labour waqes	30,596,888	17,091,452	16,009,989	4,074,154
Staff uniform expenses	405,176	497,368	124,356	148,003
Gratuity	13,468,067	12,433,569	7,197,990	6,910,200
Employer's contribution to provident fund	11,807,862	10,908,227	6,286,074	5,993,785
Leave encashment	3,820,203	3,522,682	2,123,581	2,163,294
Group life Insurance	1,176,184	1,227,289	228,256	555,206
Compensation	189,437	276,160	-	276,160
	306,787,809	247,702,588	155,025,481	108,753,633
25.2 Repairs and Indirect materials				
Stores, spares, repair & maintenance	201,452,066	113,317,466	103,660,015	26,354,413
Packing expenses	170,381,441	106,075,116	86,513,896	18,158,961
	371,833,507	219,392,582	190,173,911	44,513,374
25.3 Other production overhead				
Hotel fare and tour expenses	558,506	534,550	306,544	70,829
Demurrage	287,372	623,474	149,905	222,147
Insurance	13,328,431	14,571,358	6,768,349	7,206,909
Hiring charges and transportation	2,452,146	1,683,041	1,281,955	102,960
Other expenses	3,209,745	7,011,867	1,996,641	3,976,392
	19,836,200	24,424,290	10,503,394	11,579,237

*Royalty has been calculated 8% on business profit as per Finance Act 2020.

	30 June 2021	30 June 2020	April to June 2021	April to June 2020
	Taka	Taka	Taka	Taka
26 Other income				
Dividend income	50	100	-	100
Miscellaneous income	-	29,626	-	-
Rental income	-	1,800,000	-	900,000
Profit on sale of fixed assets (note 5.3)	1,547,431	105,802	1,547,431	7,500
	1,547,481	1,935,528	1,547,431	907,600
27 Administrative expenses				
Staff cost (note 27.2)	97,739,554	90,252,225	47,434,356	43,316,270
Annual General Meeting expenses	1,296,500	1,574,012	382,500	726,557
Telephone and postage	2,959,145	3,074,164	1,689,272	1,472,064
Office repair and maintenance (note 27.3)	6,444,737	3,965,204	3,444,284	2,009,021
Registration and renewal	1,007,103	457,276	913,018	327,965
Security and guard expenses	8,679,459	7,523,371	4,692,044	3,696,272
Electricity, gas and water	3,588,967	2,252,987	2,657,586	331,602
Depreciation on property, plant & equipment (note 5.2)	14,723,369	17,274,805	7,329,862	8,553,224
Depreciation on investment property (note 5.2)	110,047	5,419,424	55,328	2,791,335
Depreciation on right of use assets (note 6)	338,697	1,297,145	169,349	648,572
Amortization (note 7)	754,054	3,098,897	379,110	1,543,119
Legal and professional fees	5,708,621	4,757,354	2,844,692	2,041,506
Vehicle repair and maintenance	5,440,504	4,285,065	2,432,070	972,972
Rent, rate and tax	2,431,129	1,721,928	639,075	117,097
IT expenses	2,201,462	1,169,395	1,202,971	379,513
General Services	6,478,955	2,928,570	3,353,915	-
Donation	620,000	-	200,000	500,000
Managing Director's remuneration (note 27.4)	17,225,837	818,924	7,675,707	(6,439,591)
Others	2,640,755	6,961,684	1,165,729	4,641,243
	180,388,895	158,832,430	88,660,868	67,628,741
27.1 Impairment loss on trade receivables				
Unrelated parties	85,409	2,403,056	54,699	1,798,562
Related parties	199,287	1,944,867	149,182	1,377,006
	284,696	4,347,923	203,881	3,175,568
New classification of financial assets shown in note 35.1(b) Impairment loss allowance has not been considered on other receivables and bank balances because business is confident to recover the full amount from the party.				
27.2 Staff cost				
Salary & wages	67,989,412	64,542,320	32,540,907	29,511,223
Bonus	9,506,082	8,574,270	4,859,184	4,221,600
Incentive	224,885	115,157	83,745	71,978
Gratuity	3,791,492	3,821,643	1,938,775	2,059,559
Employer's contribution to provident fund	3,481,943	3,509,030	1,786,754	1,872,158
Leave encashment	1,079,661	1,115,620	554,298	657,944
Group life insurance	350,428	289,438	129,116	87,360
Canteen and conveyance expenses	4,858,611	2,584,134	2,506,678	675,128
Staff uniform expenses	2,139,575	335,351	222,056	237,666
Travelling expenses	1,341,809	1,113,190	248,861	465,305
Compensation	1,526,707	2,628,897	1,526,707	2,584,447
Medical expenses	919,579	262,207	708,932	74,619
Accommodation expenses	411,525	827,367	269,420	413,684
Other employee benefit	117,845	533,601	58,923	383,601
	97,739,554	90,252,225	47,434,356	43,316,270
Accommodation expenses includes rent expenses for short term lease for BDT. 78,000 and related government levies wherever applicable. Details of the short term lease is shown in note 34 . No low value item exists at the reporting period.				
27.3 Office repair & maintenance				
Repairs office equipment	297,287	149,312	16,880	14,000
Office maintenance	6,147,450	3,815,892	3,427,404	1,995,021
	6,444,737	3,965,204	3,444,284	2,009,021
27.4 Managing Director's remuneration				
Provision made during the period	17,225,837	-	7,675,707	(6,439,591)
	17,225,837	-	7,675,707	(6,439,591)

Managing Director's remuneration represents provision made 3% of net profit before tax of RAK Ceramics (Bangladesh) Ltd.

	30 June 2021	30 June 2020	April to June 2021	April to June 2020	
	Taka	Taka	Taka	Taka	
28 Marketing & selling expenses					
Staff cost (note 28.1)	44,368,251	31,650,521	21,533,837	14,191,861	
Advertisement	5,642,462	6,931,080	3,505,119	2,935,585	
Freight and transportation	154,383,039	113,316,541	74,210,700	43,470,575	
Compensation	1,529,133	807,641	778,580	-	
Business promotion	32,361,330	16,979,546	14,077,040	5,223,652	
Depreciation on property, plant & equipment (note 5.1)	2,650,279	2,714,565	1,334,490	1,348,641	
Depreciation on right of use assets (note 6)	3,651,453	6,922,206	1,825,727	3,461,103	
Showroom, office & house rent	1,002,100	1,722,233	589,970	795,393	
Sample expenses	7,440,318	3,131,109	3,577,903	189,110	
Tour, travel and others	2,419,636	1,499,887	960,611	341,188	
	255,448,001	185,675,329	122,393,977	71,957,108	
28.1 Staff cost					
Salary & wages	26,396,875	22,932,583	13,084,634	10,104,965	
Bonus	6,705,147	2,859,929	3,122,689	1,514,223	
Incentive	2,730,452	-	1,088,304	-	
Gratuity	1,733,607	1,570,235	958,643	854,489	
Employer's contribution to provident fund	1,589,471	1,450,562	879,154	777,421	
Leave Encashment	513,845	470,119	283,962	277,140	
Group life insurance	143,331	193,566	44,280	116,361	
Conveyance & food expenses	4,435,011	2,065,041	2,072,171	547,262	
Compensation	-	108,486	-	-	
Staff uniform expenses	120,512	-	-	-	
	44,368,251	31,650,521	21,533,837	14,191,861	
28.2 Salary & wages under staff cost (note no. 25.1, 27.2 & 28.1) Includes employee contribution to provident fund for BDT. 11,807,862, BDT. 3,481,943 & BDT. 1,589,471.					
29 Finance Income					
Interest on bank account (SND)	4,251,430	5,287,175	2,109,441	4,022,264	
Interest on fixed deposits	17,121,913	26,855,779	7,891,293	8,026,853	
Foreign exchange gain	1,228,118	-	(71,426)	-	
	22,601,461	32,142,954	9,929,308	12,049,118	
30 Finance expenses					
Interest expenses against loan	836,990	3,247,187	151,739	2,441,047	
Interest expenses against lease liability	618,877	2,045,663	295,301	988,457	
Foreign exchange loss	-	(17,996)	-	674,210	
Bank charges	840,971	1,600,467	293,064	944,496	
	2,296,838	6,875,322	740,104	5,048,210	
31 Contribution to worker's profit participation and welfare fund					
Provision made during the period	27,342,599	-	12,183,663	(9,497,921)	
	27,342,599	-	12,183,663	(9,497,921)	
32 Current tax					
Current period	153,380,106	21,412,497	63,585,523	(38,177,432)	
	153,380,106	21,412,497	63,585,523	(38,177,432)	
33 Reconciliation of effective tax rate					
	30 June 2021	30 June 2020			
	Taka	Taka			
Profit before tax	% 552,310,403	% (32,394,046)			
Current tax expenses	27.77% 153,380,106	-66.10% 21,412,497			
Deferred tax expenses	-6.63% (36,633,491)	52.60% (17,038,756)			
Total tax expenses	21.14% 116,746,614	-13.50% 4,373,741			
Expected income tax using applicable tax rate for individual company	23.80% 131,429,190	-19.94% 6,458,636			
Tax on non-deductible expenses	4.0% 21,950,915	-46.2% 14,953,861			
Effective current tax	27.77% 153,380,106	-66.10% 21,412,497			
Effective deferred tax	-6.63% (36,633,491)	52.60% (17,038,756)			
	21.14% 116,746,614	-13.50% 4,373,741			
34 Short term lease expenses					
	Nature of the lease	Lease term	Allocation	Rent Payment	Rent Payment
	Rented accommodation	<1 year	Admin	752,275	695,000
	Rented accommodation	<1 year	Marketing	-	-
				752,275	695,000

35 Financial risk management

The management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies, procedures and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company has exposure to the following risks from its use of financial instruments.

- Credit risk
- Liquidity risk
- Market risk

35.1 Credit risk

Credit risk is the risk of financial loss to the Company if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In monitoring credit risk, debtors are grouped according to their risk profile, i.e. their legal status, financial condition etc. Trade & other receivable are mainly related to receivables from dealers, receivables from export sales, claim receivables, accrued interest and other receivables. The Company's exposure to credit risk on accounts receivables is mainly influenced by the individual payment characteristics of customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	USD		Amounts in Taka	
	As at 30 June 2021	As at 31 Dec 2020	As at 30 June 2021	As at 31 Dec 2020
Trade receivables				
Customer-Local	-	-	1,178,656,848	996,501,760
Customer-Export	-	9,235	-	779,903
	-	9,235	1,178,656,848	997,281,663
Other receivables				
Accrued Interest			3,819,556	10,941,100
Accrued rental income			570,000	570,000
			4,389,556	11,518,584
Cash equivalents			1,673,342,471	1,943,295,482

b) Impact of IFRS 9

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the financial assets as at 30 June 2021.

Financial assets	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Impairment loss (Refer note 10.1)
Trade receivable-unrelated	10.1	Loan & receivable	Amortized cost	508,379,582	505,938,075	2,441,507
Trade receivable-related	10.1	Loan & receivable	Amortized cost	679,441,615	672,718,772	6,722,843
Cash & cash equivalent	13	Loan & receivable	Amortized cost	1,673,342,471	1,673,342,471	-

i The above table provides information ECLs till date. Impairment provision till Dec 2020 was Tk. 9,903,363 and provision made during the period is Tk. 284,696. Out of the provision Tk. 9,903,363 till Dec 2020, Taka 1,023,708 has been adjusted with trade receivable and provision on impairment loss.

ii Trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these receivables was recognised in the current period on transition to IFRS 9.

iii Cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. Impairment over these cash & cash equivalent was recognised in the current period on transition to IFRS 9.

c) Ageing of receivables

The ageing of trade receivables as at 30 June was:

	Amounts in Taka	
	As at 30 June 2021	As at 31 Dec 2020
Not past due	1,117,140,468	939,289,385
0-90 days past due	26,463,876	42,546,485
91-180 days past due	30,023,201	7,633,293
181-365 days past due	2,755,973	3,364,944
over 365 days past due	2,273,330	4,447,556
	1,178,656,848	997,281,663

35.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash and cash equivalents to meet expected operational expenses, including financial obligations through preparation of the cash flow forecast, prepared based on timeline of payment of the financial obligation and accordingly arrange for sufficient liquidity/fund to make the expected payment within due date. Moreover, the Company seeks to maintain short term lines of credit with scheduled commercial banks to ensure payment of obligations in the event that there is insufficient cash to make the required payment. The requirement is determined in advance through cash flows projections and credit lines facilities with banks are negotiated accordingly.

The following are the contractual maturities of financial liabilities of the Company:

	As at 30 June 2021			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	4,656,986	4,656,986	4,656,986	-
Trade and other payables	740,598,728	740,598,728	740,598,728	-
Short term borrowing	78,394,102	78,394,102	78,394,102	-
	823,649,816	823,649,816	823,649,816	-

	As at 31 Dec 2020			
	Carrying amount	Contractual cash flows	Within 12 months or less	More than 12 months
	Taka	Taka	Taka	Taka
Bank overdraft	-	-	-	-
Trade and other payables	625,493,472	625,493,472	625,493,472	-
Short term borrowing	119,940,905	119,940,905	119,940,905	-
	745,434,377	745,434,377	745,434,377	-

35.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

a) Currency risk

The Company is exposed to currency risk on certain revenues and purchase of raw material, spare parts, accessories and capital item. Majority of the company's foreign currency purchase are denominated in USD and EURO. All the export proceeds are receipt in USD, 50% of export proceeds are crediting to export retention quota account and rest of the 50% are converted to Taka and crediting to company's current account.

1) Exposure to currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts (In Taka):

	As at 30 June 2021					As at 31 Dec 2020		
	AED	GBP	USD	EURO	JPY	GBP	USD	EURO
Foreign currency denominated assets	-	-	-	-	-	-	9,235	-
Receivable from customers-Export	-	-	102,485	-	-	-	139,239	-
Cash at bank	-	-	102,485	-	-	-	148,473	-

	As at 30 June 2021					As at 31 Dec 2020		
	AED	GBP	USD	EUR	JPY	GBP	USD	EUR
Foreign currency denominated liabilities								
Trade payables	-	282,917	2,748,907	839,172	-	198,261	1,387,121	572,772
Short term borrowings	-	-	922,826	-	-	-	1,411,900	-
Royalty & Technical Fees	-	-	4,244,584	-	-	-	3,736,710	-
	-	282,917	7,916,317	839,172	-	198,261	6,535,731	572,772
Net exposure	-	(282,917)	(7,813,832)	(839,172)	-	(198,261)	(6,387,258)	(572,772)

The Company has foreign exchange gain of Tk 1,228,118 during the period ended 30 June 2021 (30 June 2020: Exchange loss Tk 17,996).

The following significant exchange rates have been applied:

	Exchange rate as at (Average)	
	30 June 2021	31 Dec 2020
	Taka	Taka
AED	23.0301	23.0356
GBP	117.2861	114.6885
USD	84.4500	84.4500
EURO	100.7492	104.0430

II Foreign exchange rate sensitivity analysis for foreign currency expenditures

A strengthening or weakening of the Taka, as indicated below, against the GBP, USD, EURO at 30 June would have increased/(decreased) profit or loss by the amounts shown below.

	As at 30 June 2021		As at 31 Dec 2020	
	Profit or (loss)		Profit or (loss)	
	Strengthening	Weakening	Strengthening	Weakening
	Taka	Taka	Taka	Taka
At 30 June				
GBP (3 percent movement)	(8,750)	8,240	(6,132)	5,775
USD (3 percent movement)	(241,665)	227,587	(197,544)	186,037
EURO (3 percent movement)	(25,954)	24,442	(17,715)	16,683

b) Interest rate risk

Interest rate risk is the risk that arises due to changes in interest rates on borrowings. The Company is not significantly exposed to fluctuation in interest rates as company has not entered into any type of derivative instrument in order to hedge interest rate risk as at the reporting date.

Profile

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	As at 30 June 2021	As at 31 Dec 2020
	Taka	Taka
Fixed rate Instruments		
Financial assets		
Investment in FDR	1,067,507,395	1,152,575,127
Cash at banks	605,835,075	790,720,355
Financial liabilities		
Bank overdraft	4,656,986	-
Short term borrowing	78,394,102	119,940,905

Fair value of financial assets and liabilities of the Company together with carrying amount shown in the statement of financial position are as follows:

	As at 30 June 2021		As at 31 Dec 2020	
	Carrying amount Taka	Fair value Taka	Carrying amount Taka	Fair value Taka
Financial assets				
Held to maturity assets				
Investment in FDR	1,067,507,395	1,067,507,395	1,152,575,127	1,152,575,127
Loans and receivables				
Trade receivables	1,178,656,848	1,178,656,848	997,281,663	997,281,663
Other receivables	4,389,556	4,389,556	11,518,584	11,518,584
Cash equivalents	1,673,342,471	1,673,342,471	1,943,295,482	1,943,295,482
Financial liabilities				
Liabilities carried at amortised costs				
Bank overdraft	4,656,986	4,656,986	-	-
Trade and other payables	740,598,728	740,598,728	625,493,472	625,493,472
Short term borrowing	78,394,102	78,394,102	119,940,905	119,940,905

Interest rates used for determining amortised cost

The interest rates used to discount estimated cash flows, when applicable were as follows:

	30 June 2021	31 Dec 2020
Investment in FDR (local currency/BDT)	1.95%-4.50%	1.95%-4.50%
Bank overdraft (local currency/BDT)	9%	9%
Short term bank loan (local currency/BDT)	9%	9%
Short term bank loan (foreign currency/USD)	Libor+2.70%-3.5%	Libor+2.75%-3.5%
Long term bank loan (foreign currency/USD)	Libor+3%	Libor+3%

36 Related party disclosures under IAS-24

Name of related party	Relationship	Security/ Guarantee status	Bad debts Status	Period	Amounts in Taka					
					Purchase of goods/services	Sale of goods/services	Outstanding receivables/Advances	Outstanding payable	Remuneration	Dividend Income
RAK Power Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	186,595,745 128,954,074	5,478,261 6,391,304	5,478,261 6,391,304	72,388,374 21,932,022	-	20,499,900 40,999,800
RAK Security & Services Pvt. Ltd	Subsidiary	Unsecured	Nil	Current period Previous period	17,532,259 18,033,985	-	-	5,498,289 4,236,956	-	1,980,000 4,950,000
RAK Ceramics PJSC, UAE	Parent	Unsecured	Nil	Current period Previous period	3,652,595 4,646,765	-	-	20,254,600 26,365,344	-	-
Ceramih TZ LLC	Fellow subsidiary	Secured	Nil	Current period Previous period	333,659,626 209,129,995	-	-	10,576,487	-	-
RAK Paints Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	403,046 -	1,800,000	570,000 855,000	557,298	-	-
Kea Printing & Packaging Industries	Other related party	Unsecured	Nil	Current period Previous period	27,788,861 25,600,339	-	-	5,980,658 9,265,166	-	-
Pailli Properties Pte. Ltd	Other related party	Unsecured	Nil	Current period Previous period	5,074,759 2,819,514	-	-	272,460	-	-
Sky Bird Travel Agents Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	221,910 381,373	-	-	-	-	-
Global Business Associates Ltd.	Other related party	Unsecured	Nil	Current period Previous period	1,466,321 6,414	-	-	423,343 6,414	-	-
Peilkan Plastic & Packing Pvt. Ltd.	Other related party	Unsecured	Nil	Current period Previous period	30,459,926 18,597,140	-	-	5,105,549 5,749,602	-	-
Mohammed Trading	Other related party	Secured by Guaranteed Cheque	Nil	Current period Previous period	- 1,354,620	1,186,798,025 688,688,358	679,177,470 571,657,108	-	-	-
S.A.K. Ekramuzzaman	Key Management Personnel	Unsecured	Nil	Current period Previous period	1,309,200	-	-	12,058,086	17,225,837	-
Sadhan Kumar Dey	Key Management Personnel	Unsecured	Nil	Current period Previous period	-	-	-	-	4,571,939 3,919,410	-

36.1 "RAK Ceramics (Bangladesh) Limited did not have any tangible assets sale or purchase with its related party amounting to 1% (one percent) or above of the tangible asset for the immediate preceding financial period.

To comply the BSEC notification no. BSEC/CWRCD/2009-193/2/admin/103 dated February 05, 2020 shareholders of the company in its 22nd Annual General Meeting dated March 31, 2021 approved an agenda to enter into contract for supply of goods and materials to Mohammed Trading (Owner of Mohammed Trading is Managing Director of RAK Ceramics (Bangladesh) Limited) amounting to 1% (One percent) or above of the revenue for the immediate financial period."

36.2 Paid to Directors

During the period, provision was made as MD's remuneration for Taka. 17,225,837.
During the period, Board meeting fees of Taka 120,000 was paid to the board members for attending the Board meetings.

37 Segment reporting

The company has three reportable segments which offer different products and services and are managed separately because they require different technology and marketing strategies. The following summary describes the operations of each segment:

Ceramics & Sanitary Ware: Engages in manufacturing and marketing of ceramics tiles, bathroom sets and all types of sanitary ware.

Power: Set-up power utilities and operate power-generating plants, transmission system and distribution system and to sell the generated electric power to any legal entity.

Security and services: Engages in providing security guard, cleaning services, verification services, termite and pest control services and set up manpower technical training.

30 June 2021

	Business Segments				Entity total
	Ceramic & sanitary ware	Power	Security and Services	Inter segment	
	Taka	Taka	Taka	Taka	Taka
Revenue - external customers	3,250,934,769	-	17,766,170	-	3,268,700,939
Revenue - inter segment	-	186,595,745	18,498,011	(205,093,756)	-
Total segment revenue	3,250,934,769	186,595,745	36,264,181	(205,093,756)	3,268,700,939
Cost of sales- external customer	(2,099,732,953)	(147,586,955)	(27,458,544)	-	(2,274,778,449)
Cost of sales- inter segment	(204,228,004)	(6,344,013)	-	210,572,017	-
Total segment cost of sales	(2,303,960,957)	(153,930,968)	(27,458,544)	210,572,017	(2,274,778,449)
Gross profit	946,973,812	32,664,777	8,805,637	-	993,922,490
Dividend income	22,479,900	20,000	50	(22,499,900)	50
Rental income	5,478,261	-	-	(5,478,261)	-
Financial income	22,616,383	(32,030)	17,107	-	22,601,461
Financial expenses	(2,196,977)	(96,198)	(3,665)	-	(2,296,839)
Depreciation	(213,952,465)	(14,210,666)	(102,330)	-	(228,265,461)
Other operating expenses	(236,094,364)	9,507,092	(8,611,458)	-	(235,198,730)
Segment profit before tax	546,851,980	27,852,977	105,341	-	552,310,403
Income tax expense	(143,417,907)	(9,930,596)	(31,602)	-	(153,380,106)
Deferred tax	33,327,908	3,555,196	(249,613)	-	36,633,491
Non -Controlling interest	-	105	(0.01)	-	105
Profit for the period	-	105	(0.01)	-	435,563,683

30 June 2020

Business Segments

	Ceramic & sanitary ware		Power		Security and services		Inter segment		Entity total	
	Taka		Taka		Taka		Taka		Taka	
Revenue - external customers	1,942,461,963		3,152,148		26,644,351		-		1,972,258,461	
Revenue - inter segment	-		128,954,074		18,694,094		(147,648,168)		-	
Total segment revenue	1,942,461,963		132,106,222		45,338,445		(147,648,168)		1,972,258,461	
Cost of sales- external customer	(1,548,534,641)		(97,601,011)		(36,864,335)		-		(1,682,999,985)	
Cost of sales- inter segment	(146,988,059)		(3,165,374)		-		150,153,433		-	
Total segment cost of sales	(1,695,522,700)		(100,766,385)		(36,864,335)		150,153,433		(1,682,999,985)	
Gross profit	246,939,263		31,339,837		8,474,110		-		289,258,476	
Other income	105,802		29,626		-		-		135,428	
Dividend income	45,949,800		50,000		100		(45,999,800)		100	
Rental income	8,191,304		-		-		(6,391,304)		1,800,000	
Financial income	31,056,694		1,049,131		37,129		-		32,142,954	
Financial expenses	(6,849,946)		1,527		(26,903)		-		(6,875,322)	
Depreciation	(211,580,711)		(7,274,679)		(108,112)		-		(218,963,502)	
Other operating expenses	(124,129,605)		2,524,742		(8,287,318)		-		(129,892,181)	
Segment profit before tax	(10,317,399)		27,720,184		89,005		-		(32,394,046)	
Income tax expense	(11,237,677)		(10,145,893)		(28,927)		-		(21,412,497)	
Deferred tax	13,726,451		3,298,433		13,872		-		17,038,756	
Non -Controlling interest	-		87		-		-		87	
Profit for the period									(36,767,874)	

	<u>30 June 2021</u>	<u>30 June 2020</u>
	<u>Taka</u>	<u>Taka</u>
38 Calculation of Earnings per share (EPS)		
Calculation of earnings per share (EPS) is as under:		
(a) Profit attributable to equity holders of the Company	435,563,683	(36,767,874)
(b) No. of ordinary equity shares	427,968,701	427,968,701
(c) Weighted average no. of equity shares outstanding (Note 38.1)	427,968,701	427,968,701
Earnings per share (EPS) for the period (a+c)	1.02	(0.09)
Diluted earnings per share for the period (a+c)	1.02	(0.09)

38.1 Weighted average number of ordinary shares

The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the year. The weighted average number of shares is calculated by assuming that the shares have always been in issue. This means that they have been issued at the start of the year presented as the comparative figures.

	<u>30 June 2021</u>	<u>30 June 2020</u>
Outstanding shares	427,968,701	427,968,701
	427,968,701	427,968,701

38.2 Diluted earning per share

No diluted earnings per share is required to be calculated for the year as there was no scope for dilution during these periods.

38.3 Reason of deviation of earnings per share:

Due to the revised and responsive business strategy taken by the management sales is increased by 65.73% from BDT. 1,972.26 mn to BDT. 3,268.70 mn. The company registered improvement of cost of sales due to enhanced control on cost compared to previous period which resulting increase of earnings per share from BDT. negative 0.09 to BDT. positive 1.02. Reduction of tax rate by 2.5% as per Finance Act 2021 is another reason behind increase of earning per share.

39 Calculation of Net assets value per share

(a) Net assets value (Note 14, 15 & 16)	7,030,905,768	6,675,889,581
(b) Weighted average no. of equity shares outstanding (Note 38.1)	427,968,701	427,968,701
Net assets value per share (a+b)	16.43	15.60

40 Calculation of Net operating cash flow per share

(a) Net Cash flows from operating activities (Note 41.1)	216,526,349	(243,259,538)
(b) Weighted average no. of equity shares outstanding (Note 38.1)	427,968,701	427,968,701
Net operating cash flow per share (a+b)	0.51	(0.57)

41 Reason of deviation of net operating cash flow per share:

Due to the revised and responsive business strategy taken by the management, the sales was increased by 65.73% from BDT. 1,972.26 mn to BDT. 3,268.70 mn. Therefore, cash receipts from customer increased in proportion with increase of sales value. The company registered improvement of cost of goods sold due to enhanced control on cost compared to previous period. Also better management on working capital, including controlled payment terms with supplier has a direct impact on increase of net operating cash flow per share from BDT. negative 0.57 to BDT. positive 0.51.

41.1 Reconciliation of operating cash flow:	<u>30 June 2021</u>	<u>30 June 2020</u>
Cash flows from operating activities		
Profit before taxation	552,310,403	(32,394,046)
Adjustment for:		
Depreciation	232,255,613	227,182,855
Amortization	754,054	3,098,897
Advance rent adjustment	-	(6,293,495)
Finance expenses	2,296,839	6,893,318
Finance income	(22,601,461)	(32,142,954)
Other income	(1,547,481)	(1,905,903)
	<u>763,467,968</u>	<u>164,420,676</u>
Increase/decrease in trade and other receivables	(181,367,700)	(156,288,053)
Increase/decrease in inventories	(356,221,863)	174,378,115
Increase/decrease in trade and other payables	<u>77,793,100</u>	<u>(344,981,205)</u>
Cash generated from operating activities	<u>303,671,506</u>	<u>(162,470,470)</u>
Interest received from bank deposit	4,251,430	5,287,175
Income tax paid	(91,396,587)	(86,076,243)
Net cash (used in)/from operating activities	<u><u>216,526,349</u></u>	<u><u>(243,259,538)</u></u>

42 Contingent liabilities

There are contingent liabilities on account of unresolved disputed corporate tax assessments and VAT claims by the authority aggregating to Tk 1,149,451,034 (30 June 2020: Tk 1,111,029,034). Considering the merits of the cases, it has not been deemed necessary to make provisions for all such disputed claims.

There is also contingent liability in respect of outstanding letters of credit of Tk 906,772,587 (30 June 2020: Tk 131,863,704) and letter of guarantee of Tk 138,927,233 (30 June 2020: Tk 76,296,728).

The company issued one corporate guarantee value BDT. 70 mn (SCB) in favour of subsidiary company to avail loan from banks. Outstanding loan against the said corporate guarantee are nil at 30 June 2021. Therefore no credit loss allowances is expected.